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April 25, 2014

FCC
Office of the Secretary
Correspondence Unit
445 12th Street SW
Washington DC 20554

Via Email

Re: CC Docket No. 02-6
Appeal of Funding Commitment Decision in Letter Dated March 5, 2014 for Funding Year 2013:
07/01/2013 – 06/30/2014

Dear Secretary,

As a Service Provider under the E-Rate Program (SPIN 143030043), System Development Integration, LLC ("SDI") writes this letter to the Schools and Libraries Division of the Universal Service Administrative Company (the "SLD") to appeal the Funding Commitment Decision referenced above.

The Funding Decision relates to V.I. Department of Education (the "Applicant") Billed Entity Number 154494.

The relevant FCC Form 471 Application Number is 926895.

The relevant FCC Form 470 Application Number is 270900000784178.

The relevant Funding Request Numbers ("FRNs") are 2530510; 2530511; 2530512; and 2530513.

The Category of Service for each FRN listed above is Basic Maintenance of Internal Connection.

For each FRNs listed above, the Funding Commitment Decision was \$.00 – Service Discount will NOT be funded (for each FRN, the "Funding Decision").

The Funding Commitment Decision Explanation for each FRN was as follows:

"DR: Given Program demand, the funding cap will not provide for Internal Connections and/or Basic Maintenance of Internal Connections at your approved discount level to be funded. Please see <http://www.universalservice.org/si/> for further details."

SDI wishes to appeal each Funding Decision pursuant to which the SLD denied funding for Internal Connections and/or Basic Maintenance of Internal Connections (the "Priority 2 Services").

The E-Rate Program is intended to ensure that schools and libraries can obtain affordable telecommunications and internet access. The Applicant is an eligible participant in the E-Rate Program



and has participated in the E-Rate Program for over 10 years. SDI has provided the Applicant with both Priority 1 and 2 services since FY 2008.

The denial of funding for Basic Maintenance of Internal Connections essentially renders the E-Rate Program a one-legged program. Funding only Priority 1 services while denying funding for Priority 2 services means that affordable telecommunications and internet access is literally blocked at the schoolhouse door. Many applicants seek to participate in the E-Rate Program precisely because they cannot afford the cost associated with projects to install internal connections and to maintain those internal connections. That is the need the E-Rate Program was designed to meet. The Funding Decisions will have an immediate adverse effect on the schools and libraries of the Applicant. The Applicant sought E-Rate Program support for internal connections and basic maintenance precisely because it cannot afford these types of projects without the assistance of the E-Rate Program. The Funding Decisions deny the Applicant funding for goods and services that include, but are not limited to cabling, data distribution and configuration changes. The Applicant will now have to seek funds from other sources to pay for Priority 2 goods or services provided by SDI in FY 2013.

Moreover, to issue the Funding Decisions more than 9 months into FY 2013 places both the Applicant and the Service Provider in financial and commercial hardship. Like most Service Providers, SDI provided Priority 2 services to the Applicant up through the date that SDI received the Funding Decisions. The fees for those services through the date of SDI's suspension of Priority 2 services (minus the Applicant's 10% non-discount portion) is \$1,149,829.46. It is common knowledge that USAC recommended to the FCC that all Priority 2 funding requests for FY 2013 be denied. It is unclear when USAC made such recommendation. If the FCC had reasonable fore-knowledge that it would authorize USAC's recommendation, then it was unconscionable for the FCC and/or USAC to have failed to provide both applicants and service providers with notice as early into FY 2013 as possible. Had USAC and/or the FCC provided such fore-warning of the likelihood of the Funding Decisions early in FY 2013, SDI and the Applicant would have adjusted the level of services to be provided accordingly.

For the foregoing reasons, SDI appeals the Funding Decisions.

I am the individual who can most readily discuss SDI's appeal of the Funding Decision.

Sincerely,

Brian Diver

President

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cc: Donna Frett-Gregory, Commissioner
USVI Department of Education

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USVI Department of Education

Lynn Millin Maduro, Commissioner
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